	(Rs Crore)
IOC	(3673)
BPC	(2892)
HPC	(4529)
TOTAL :	(11094)

The figures relating to profits of private sector oil companies are not available with this Ministry.

(c) The over recovery of OMCs on the marketing of petrol and diesel based on refinery gate prices applicable from 1st February, 2009 is as under:

Petrol	Rs/Litre 1.30
Diesel	Rs/Litre 2.66

(d) In the international oil market, crude oil and petroleum products prices rise and fall on a daily basis.

(e) and (f) With the decline in the international oil prices, the Government reduced the prices of Petrol and Diesel by Rs.5/litre and Rs.2/litre respectively (at Delhi) with corresponding reductions in the rest of the country with effect from 6th December 2008. The Government has further reduced the prices of Petrol, Diesel and Domestic LPG by Rs.5/litre, Rs.2/litre and Rs.25/cylinder respectively (at Delhi) with corresponding reductions in the rest of the country with effect from 29th January, 2009.

Demands of Employees of oil PSUs

208. SHRI RAMDAS AGARWAL: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Oil Sector Officers' Association comprising of ONGC, OIL, IOCL, HPCL, GAIL etc. had gone on strike in January, 2009 for a just and honourable pay revision for officers' community working in oil PSUs;

(b) whether it is a fact that there is a large gap between the pay scales of the oil companies in private sector and companies in the oil public sectors; and

(c) if so, how much time Government is likely to take to meet the demand of oil PSUs employees, as promised by them at the time of withdrawal of strike?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL): (a) Yes, Sir. A section of the Oil PSUs Officers had been on "strike".

(b) The pay structure and conditions of service in oil companies in the private sector and the public sector are not comparable.

(c) Justice Rao Committee Report on pay revision of Board level and below Board level executives and non-unionised supervisors of Central Public Sector Enterprises (CPSEs) following IDA pattern of pay scales was considered by Government and guidelines for implementation of Pay Revision *w.e.f.* 01.01.2007 was issued by Department of Public Enterprises (DPE) on 26.11.2008. A

Committee of Ministers under Home Minister has already been constituted to look into issues relating to pay revision in the Oil Sector.

Fixation of sale price of petrol and diesel

†209.SHRI RAM JETHMALANI:
SHRI SHIVANAND TIWARI:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that the rate of consumer sale prices of petrol and diesel in the country is fixed on the basis of trade parity pricing system;

(b) if so, the details of expenditure regarding the product being factored under the above system;

(c) the reasons for adaptation of above system instead of common basis of production cost to fix the consumer sale price; and

(d) the differences and characteristics of above said both systems?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL): (a) and (b) Based on the Rangarajan Committee's recommendations, effective 16 June 2006, Government approved the refinery gate pricing of Petrol and Diesel on Trade Parity basis, which is the weighted average of Import Parity and Export Parity prices, in the ratio of 80:20. The build up of retail selling price of Petrol and Diesel includes the following elements:

(i) Price paid to refinery on Trade Parity basis.

(ii) Inland freight up to the market

(iii) Marketing Margin

(iv) Dealer Commission

(v) Excise duty

(vi) Value Added tax and local levies

(c) and (d) As the country imports more than 75% of its crude oil requirements, domestic prices of petroleum products are, to a very large extent, influenced by international oil prices. Hence, the adoption of Trade Parity pricing for Petrol and Diesel. In petroleum refining, crude oil is processed through numerous processing streams. The blending of intermediate product streams from various processing units for making finished petroleum products makes its difficult to apportion the total cost to individual refined products with reasonable accuracy. Therefore, individual product-wise costs are not identified separately.

The Government dismantled Administered Pricing Mechanism (APM) *w.e.f.* 1st April, 2002, which was based on the cost plus methodology for determining prices of petroleum products. The APM had the following disadvantages:

(1) APM: did not provide strong incentives for investments in technological upgradations or for cost minimization.

†Original notice of the question was received in Hindi